GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2906
ANSWERED ON:07.12.2001
ANOMALY IN INTEREST RATES
SUBODH MOHITE

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government have received complaints from State Governments inregard to anomaly in the interest rates of Small Industries Development Bank of India;

(b) if so, the details thereof;

(c) the reaction of the Government thereto;

(d) whether the Government propose to lower down the interest rates of SiDBI loans; and

(e) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) to (e) Some State Governments/State Financial Corporations have suggested restructuringof interest rate on existing refinance accounts and also to re-structure the present re-finance interest rates. Small Industries Development Bank of India (SIDBI) has reported that in line with the policies of Reserve Bank of India (RBi), it had reduced its LongTerm Prime Lending Rate (PLR) from 14.0 per cent in February, 1998 to a level of 13.0 per cent in March, 1999 which was further reduced to 12.5 per cent in March, 2001. The medium Term PLR and Short Term PLRs were also revised to 12.25 per cent and 11.75 per cent fromprevious levels of 12.5 per cent and 12.00 per cent respectively. in refinance, the rate of interest on loans above Rs. 2 lakhs has been reduced from 16% in 1996 to 11.5% presently. For loans below Rs. 2 lakhs, concessional rates of refinance are provided by SIDBI out ofwhich for very small borrowers with loans upto Rs. 50,000 a special slab of 9.75% has been provided.